

July 27, 1955

Honorable Rowland R. Hughes  
Director  
Bureau of the Budget  
Washington 25, D. C.

Dear Mr. Hughes:

In accordance with Bulletin Number 55-5 of the Bureau of the Budget, dated 4 March 1955, the Central Intelligence Agency has reviewed the Report entitled "Real Property Management" which was submitted to the Congress in June 1955 by the Commission on Organization of the Executive Branch of the Government, and submits its views herewith.

In addition to the several recommendations of general application contained in the Report, the Commission considers the various exemptions, entire or partial, from the authority of the Administrator of General Services under the Federal Property and Administrative Services Act of 1949, as amended, among them being the Central Intelligence Agency, which is designated as wholly exempted. (More precisely, the Act provides that nothing therein "shall impair or affect any authority of" the CIA.) The Commission would change this by revising the Act as follows (Recommendation No. 4):

"(a) to eliminate all statutory exemptions for the executive branch of the Government from the authority of the General Services Administration relating to real property management; and

(b) to authorize the President to prescribe by executive order specific exemptions from the authority of the General Services Administration relating to real property management, where such exemptions are fully justified in the public interest.

The Central Intelligence Agency was exempted from the Federal Property and Administrative Services Act of 1949, as well as from many other provisions of law which apply to departments and agencies generally, in recognition of the sensitive nature of the work of the Agency and of the serious security implications which undue disclosure of information would entail. It was in accordance with this principle also that this Agency was charged with special responsibilities and granted special powers to protect the security of its operations and to protect intelligence sources and methods from unauthorized disclosure. See Section

102(d)(3) of the National Security Act of 1947, as amended, and Section 7 of the Central Intelligence Agency Act of 1949, as amended. On the other hand it has been, and continues to be, the policy of this Agency to adhere to normal Government practices and requirements with respect to operations which have no security implication. This distinction was embodied in the Agency representation to the Congress when the bill which has become the Federal Property and Administrative Services Act, was under consideration. It was recognized also by the House Committee, in reporting that bill, as follows (H. R. Rep. No. 570, 81st Cong.):

"In other words, to the extent that compliance with the Act and submission to the jurisdiction of the Administrator will not so impair or affect the authority of the several agencies to which the subsection applies as to interfere with the operation of their programs, the act will govern."

The security considerations which have necessitated this special freedom from normal Government procedures continue of permanent importance today and the special responsibilities and authorities under the National Security Act and the CIA Act remain operative. Further, we believe it important that this philosophy be embodied in statutes. Therefore, the Central Intelligence Agency could not agree to Recommendation No. 4.

With the above security principle maintained, this Agency would have no objection to the remainder of the Commission's recommendations. Specifically:

(a) Security requirements would preclude CIA compliance with Recommendations Nos. 12 and 13 and would limit compliance with Recommendations No. 3(a) and 5(a)(1) and (b). Similarly, we could not agree to Recommendation No. 7 with respect to all operations, maintenance, repair and alterations.

(b) The remainder of the Recommendations would have no direct application to CIA or would be unobjectionable. Since, in the main, those which would be applicable to CIA involve compliance with regulations and procedures to be prescribed by the Administrator of General Services, it is not possible, at this time, to specify the manner of carrying them out.

Sincerely,

L. K. White  
Deputy Director